May 4, 2004

Docket Management Facility
U.S. Department of Transportation
Room PL-401
Seventh Street SW
Washington DC 20590

                    Re: Vessel Documentation: Lease Financing
                           Doc # USCG-2003-14472

Dear Sirs:

     I am submitting these comments on behalf of Maritrans Operating Company
L.P.. Maritrans owns and operates a fleet of 4 oil tankers and 11 tug/barge
units carrying petroleum in the U.S. coastwise trades. We are one of the
largest independent transporters of petroleum products under the U.S. flag. The
comments herein are intended to supplement comments given at the Coast Guard's
public hearing by Maritrans.

     First, and foremost, the existence of the Jones Act is the essential
predicate to the survival of the U.S. flag. Maritrans itself has, since
enactment of OPA 90, spent well in excess of $60 million in construction costs
at U.S. yards, rebuilding its barges with double hulls. We have already entered
into a contract obligating us to spend another $20 million on our next barge,
and expect to spend an additional $60 million before our rebuilding program is
completed. This investment in U.S. flag shipping is fundamentally predicated
upon the integrity of the Jones Act.

     We believed that the lease-financing provision enacted by Congress was
intended to benefit the U.S. flag fleet, by making additional sources of capital
available to U.S. owner/operators for vessel financing. Unfortunately, the
lease-financing provision was distorted far from its additional purpose, as
foreign entities sought to circumvent the restrictions of the Jones Act by
engaging in artificial, creative lease financing arrangements that, in effect,
permitted effective foreign ownership/control of vessels engaged in coastwise
commerce. We applaud the Coast Guard's recent interpretation of the lease-
financing law that closes many of these opportunities for circumvention.

     That being said, we agree that further regulatory work is required to
close loopholes and preserve the integrity of the Jones Act. We agree with, and
wholeheartedly support, more detailed comments made both by the American
Waterways Operators and the Maritime Cabotage Task Force, and offer the
following additional comments of the Notice of Proposed Rulemaking:

     1. The Coast Guard should adopt alternative 2, prohibiting charter-back
arrangements except where the vessel is engaged in carrying proprietary cargoes
for the owner or a member of the owner's group. It has been argued by foreign
owners desiring to use this lease-financing arrangement that the limitation to
proprietary cargoes is too restrictive, and that such owners might want to have
these vessels engage in the coastwise trade for third parties if market
conditions made that trade more profitable. This is exactly why we need the
restriction to proprietary cargoes. The lease financing provision was not
intended to permit foreign owners to engage in coastwise commerce, and certainly

was not intended to allow such owners to engage in such commerce when the market tightens.

2.   The Coast Guard should establish a three-year time limit on the grandfather provisions contained in the final rule, which is sufficient time for vessel owners to restructure their financing arrangements.

3.   The Coast Guard should insure that it has sufficient expertise to assess particular lease-financing arrangements. The process should provide for public notice and comment if the applicant is affiliated with a non-citizen owner or if a charter-back arrangement is involved. Further, the Coast Guard should provide for the employment of independent third-party auditors working for the Coast Guard to evaluate specific transactions where the Coast Guard might believe further review would be warranted.

Again, we thank the Coast Guard for its efforts in interpreting the law in a manner consistent with Congressional intent. We also incorporate by reference the comments of the American Waterways Operators and the Maritime Cabotage Coalition Task Force, of which we are members.

Sincerely,

//s//

Arthur J. Volkle, Jr.
Vice President &
            Legal Counsel
Maritrans Operating
            Company L.P.